

## USE AND MANAGEMENT OF THE GOVERNMENT PURCHASE CARD PROGRAM

**1. REASON FOR ISSUE:** This Veterans Health Administration (VHA) Handbook, a complete revision of VHA Handbook 1730.1, dated July 22, 1998, is issued to update procedures for VHA facilities and VHA Headquarters program offices on the use of the Government Purchase Card, also known as the charge or credit card.

**2. SUMMARY OF CONTENTS/MAJOR CHANGES:** This Handbook modifies the determination of timeliness and some of the procedures that VHA facilities and program offices must follow in the use of the Government Purchase Card.

a. Management emphasis and the goal of timeliness is changed from an arbitrary period to preventing loss by making certain every payment and order is received and reconciled or disputed within 30 days. In addition, this Handbook specifies that fiscal and logistics (acquisitions) shall jointly provide training, oversight and review of the program locally. The requirement that most micro-purchases be made by end-users is unchanged.

b. Use of the Department of Human Services, Office of Inspector General's List of Excluded Entities is covered in Appendix B.

**3. RELATED ISSUES:** VHA Directive 1730 (to be published).

**4. RESPONSIBLE OFFICE:** The Chief Financial Officer (17), VHA Headquarters, is responsible for the material contained in this Handbook.

**5. RESCISSIONS:** VHA Handbook 1730.1, dated July 22, 1998, is rescinded.

**6. RECERTIFICATION:** This document is scheduled for recertification on or before the last working day of June 2005.

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## USE AND MANAGEMENT OF THE GOVERNMENT PURCHASE CARD PROGRAM

### 1. PURPOSE

This Veterans Health Administration (VHA) Handbook is published for the purpose of stating the scope, responsibilities, and references for utilizing the Government Purchase Card. The Government Purchase Card can only be used for official government purchases.

### 2. SCOPE

a. The Department of Veterans Affairs (VA) must utilize the Government Purchase Card for all micro-purchases (those under \$2,500). Purchase cards must also be used, to the maximum extent practicable, for all purchases up to the simplified acquisition threshold (\$100,000) where appropriate warranting has been completed. To receive the greatest cost benefit from this policy, direct involvement of fiscal or acquisition personnel and expertise in any micro-purchases should be limited. Fiscal and logistics (acquisitions) personnel should perform joint training, oversight and review. When management reviews the purchase card program due to changes in local staffing and other conditions, the emphasis must always be on supporting the most efficient acquisition process.

b. Paperwork, either manual or electronic, in support of purchase card procurements should be kept to the minimum necessary to ensure adequate internal controls. Using simplified ordering procedures under Integrated Funds Distribution, Control Point Activity, Accounting Procurement System (IFCAP) Patch PRCa\*5\*72, enables card holders to efficiently purchase items not being considered for standardization.

c. Due to the need to collect baseline data for standardization efforts, use of the detailed purchase card transaction format with Item Master File (IMF) numbers is required for items that may be appropriate for future standardization, unless that data is readily available to VHA Headquarters from other sources. Cardholders should request logistics (acquisitions) to assign IMF numbers for recurring purchases. Using the IMF number both fills most fields on the IFCAP order and assures that like items are combined. The IMF number must be used when entering items in the standardized categories (Laboratory, Rehabilitation, Dental, Medical, Surgical, etc.), orders exceeding \$2,500 and those input by a dedicated logistics (acquisitions) specialist. Additional categories and/or items may be temporarily added to those requiring full entry so local and/or network management can determine feasibility for standardization. Payment method is still by purchase card.

### 3. RESPONSIBILITIES

a. **Chief Financial Officer.** The Chief Financial Officer, VHA Headquarters, has overall responsibility for the implementation and oversight of the Government Purchase Card Program within VHA.

b. **Veterans Integrated Service Network (VISN) Director and/or Facility Director.** The VISN Director and/or the facility Director is responsible for:

(1) **Implementing the Credit Card Program.** The facility Director, Government Purchase Card Program Coordinator, and Financial Manager are responsible for certifying that the purchase card policy is being adhered to on the end-of-fiscal year certification of accounting records.

(2) **Designating the Program Coordinator, Billing Office Official, and Dispute Officer.** The three individuals named must actually perform these duties and the duties must be in their performance plans. They may provide back-up support to one another as alternates.

(3) **Ensuring Local Efficiencies.** The facility Director must ensure that local purchasing is decentralized through the dissemination of credit cards and training personnel permanently assigned (answerable) to service and/or product lines. ***NOTE:** Purchase cards will be distributed to and used by the end user to the greatest extent possible. Top management is responsible for determining the most efficient organization based upon local situations, including location of the Purchase Card Coordinator, also called the Agency or Organization Program Coordinator (A/OPCs). Cards will not be distributed to non-VA employees, FEE-basis employees, or contracted individuals.*

c. **Financial Service Center (FSC).** The FSC is the designated Payment Office responsible for making payments to the Purchase Card Program Contractor for all VA purchase card accounts. Payment is made through Treasury's Fed-Line Payment System. The FSC is responsible for:

(1) Providing random sampling reports on a monthly basis to the Billing Office.

(2) Processing payment to the Purchase Card Program Contractor in accordance with the contract using FastPay procedures as cited in the Office of Management and Budget (OMB) Circular A-125, Section 12.

(3) Providing rebate and appropriate documentation to the Billing Office.

(4) Distributing reports to all VA facilities electronically.

d. **Purchase Card Program Contractor.** The Purchase Card Program Contractor is responsible for issuing purchase cards, processing purchase and billing transactions, and submitting timely reports.

e. **Program Coordinator.** The Program Coordinator (also called the A/OPC) is responsible for:

(1) Implementing the program to include contract compliance with the Purchase Card Program Contractor's rules and regulations, and disseminating appropriate sections the coordinators guide to the Billing and Dispute officials. ***NOTE:** This individual cannot be a cardholder or an Approving Official.*

(2) Assuring appropriate training has been provided, with mandatory certification, as outlined in the purchase card guide of cardholders, approving officials, alternate approving officials, and designated surrogates, prior to issuance of purchase cards.

(3) Retrieving and canceling all cards of any employee who either terminates employment or violates purchase card procedures.

(4) Being the designated point of contact for agency receipt of all credit cards after initial setup; and following-up on non-receipt of cards after 5 working days.

(5) Giving card to cardholder with activation instructions as provided with the card.

(6) Performing daily maintenance on-line, to include setting up cardholder and Approving Official accounts in the Purchase Card Program Contractor proprietary system and in IFCAP's registration menu, as well as:

(a) Card cancellations.

(b) Changes in Approving Official or cardholder.

(c) Changes in master accounting code.

(d) Corrections to cardholder identification information (misspelling or name change due to marriage or divorce).

(e) Replacing damaged cards (not lost or stolen ones).

f. **Dispute Officer.** The Dispute Officer is responsible for coordinating and monitoring disputed procurements, credits, and billing errors. The Dispute Officer will assist or intercede when a dispute cannot be handled in the normal method using the Government Cardholder Dispute form.

g. **Cardholder.** The cardholder is responsible for the following duties, which will be included in the individual's performance plan:

(1) Attending appropriate acquisition training and signing VA Form 0242, Government-wide Purchase Card Certification, to become the contracting officer of record for any purchase made with the card. ***NOTE: Cardholders shall not make individual purchases exceeding \$2,500 unless applicable warranting has been done by the Head of the Contracting Activity (HCA).***

(2) Complying with all acquisition regulations, both Federal, VA, and local (listed in CD-ROM training) to include small disadvantaged business, small business, Javits-Wagner-O'Day Act (JWOD) activities, and mandatory sources.

(3) Following activation instructions provided when card is issued.

(4) Verifying funds availability prior to making a purchase and complying with single purchase and cardholder limits placed on the card.

(5) Inputting the order into IFCAP within 1 workday of purchase to include correct control point, cost center, and budget object class for that transaction. **NOTE:** *Where best practice warrants, this function can be performed by a designated surrogate.*

(6) Reconciling (i.e., matching) the payment charges from the Purchase Card Program Contractor to the IFCAP purchase card order promptly. This standard is met when 75 percent of payments have been matched within 10 calendar days after the charge (payment) information is delivered locally to IFCAP, and 95 percent of the payments are matched within 17 days. If the payment is not reconcilable due to the merchant's action (the charges are clearly erroneous or are against an incorrect card and cannot be corrected locally, etc.), contact the vendor immediately. Every charge will be disputed or reconciled, as appropriate, before it is 30 days old (see subpar. 3g(10)). **NOTE:** *At the end of each quarter or the Fiscal Year, shorter timeframes or other expedients as determined by local financial management may be required to ensure costing is accurate and the annual certification of financial records can be completed.*

(a) Matching charges that are within tolerance as established by the FSC (currently \$100 or 100 percent, whichever is less); researching differences in excess of the tolerance with the vendor; and annotating resolution in the "comment" field of the IFCAP order.

(b) Ensuring that goods and services ordered are received. Reconciliations are normally performed upon the receipt of goods, so receipt and reconciliations delayed beyond 10 days (or normal shipping time) must be reviewed and necessary action taken. If a vendor is processing charges significantly in advance of shipment, the vendor should be advised that both government regulations and the vendor's agreement with the processing bank forbid Tender of Sales Drafts (charges) "until the purchased goods or services are delivered or performed."

(c) Including a Material Safety Data Sheet (MSDS) if any hazardous materials were ordered.

(d) Providing the Approving Official with applicable receipt records to enable certification of payment and maintenance of appropriate receipt records (packing slip, receipt, cash register slip, or sales slip) in accordance with VA Manual MP-4, Part X, Item No. 5-1c.

(e) Safeguarding the card; not allowing others to utilize the card; and utilizing the card for official government business only.

(7) Inappropriate use of the card could result in immediate cancellation of the card, disciplinary action and/or issuance of a bill of collection for all or part of the cost of the procurement. **NOTE:** *Cardholders are reminded that Section 4331(c) of Public Law 105-33 forbids payment of Federal health care program funds to individuals and companies on the sanctions list of the Department of Health and Human Services Inspector General for goods or services furnished on or after the effective date of the OIG exclusion (see Att. B).*

(8) The purchase card may not be used for these items:

(a) Rental or lease of land or buildings of any type.

(b) Procurement of airline tickets, bus tickets, boat tickets, train tickets, or tokens associated with employee travel, or any other type of employee travel.



- (c) Procurement of meals, drinks, entertainment, or lodging at hotels or motels, when in conjunction with official employee travel.
- (d) Procurement of gasoline or oil for General Services Administration (GSA) vehicles used for official business.
- (e) Procurement of personal goods and/or personal services of any kind.
- (f) Procurement of any item given away and/or presented as a gift, where the government loses title, without legislative authority.
- (g) Cash Advances. **NOTE:** *The Government Purchase Card is not authorized for cash advances through a bank teller or an automatic teller machine (ATM) machine.*
- (h) Memberships in organizations or clubs, unless deemed appropriate by the facility Director.
- (i) Telecommunications services.

**NOTE:** *This listing is not all inclusive. For example, repair and equipment purchases can be made; however, these purchases are governed by local policies. National, network, and local guidelines need to be followed. Questions and concerns are to be addressed to the local Billing Office for written determination.*

- (9) Notifying the Card Provider's Customer Service, the local A/OPC and the Approving Official immediately if card is lost or stolen. **NOTE:** *Failure to notify all of these individuals may subject cardholder to liability for charges made on a lost or stolen card.*
- (10) Attempting to resolve disputes with vendor. If unable to resolve with the vendor, disputing the payment using Government Cardholder Dispute Form. The Card Provider will send written confirmation of receipt of the Dispute and credit the disputed amount pending investigation. **NOTE:** *Sales tax and transportation charges are only disputable with the vendor. If a Government Cardholder Dispute Form cannot be used and no satisfactory resolution with the vendor can be obtained, the issue must be referred to the Dispute Official within 30 days.*
- (11) Turning in the card to the A/OPC in accordance with station level procedures, certifying the final billing, and forwarding the final billing to the Approving Official prior to leaving service.

h. **Approving Official.** The Approving Official is responsible for the following duties, which will be included in the individual's performance plan:

- (1) Attending appropriate acquisition training and signing VA Form 0242, indicating acceptance of responsibility.

(2) Recommending individuals to the HCA for appointments as cardholders and recommending single purchase and monthly purchase limits in conjunction with the A/OPC and the Billing Office.

(3) Monitoring the use of the card by the cardholder, to ensure that the purchases made are:

(a) Within assigned limits.

(b) Not fragmented to stay within cardholder limits.

(c) For the items designated for that card.

(4) Certifying all transactions made by the cardholder and ensuring applicable documentation is maintained.

(5) Ensuring that Federal, VA, and local acquisition regulations are followed.

(6) Certifying that all procurements are legal and proper and that the items have been received. Certification of inappropriate procurements will result in immediate revocation of approving authority, possible disciplinary action, and/or issuance of a bill of collection for the full cost of the procurement. **NOTE:** *Questions and concerns will be addressed to the local facility Billing Office for written determination.*

(7) Certifying reconciled (matched) payment charges in IFCAP within 14 days of receipt from cardholder (see IFCAP Patch PRC \*5\*72 documentation).

i. **Billing Office.** The local Billing Office (normally part of Fiscal Service) is responsible for:

(1) Ensuring that single purchase and monthly purchase limits are within fund control limits.

(2) Establishing default code string and merchant codes for all credit cards and submitting to the A/OPC (refer to Agency Program Coordinator Guide).

(3) Performing backup duties of A/OPC including electronic account setups and maintenance changes to Purchase Card Program Contractor Electronic Access System within 1 workday.

(4) Performing the joint review of cardholders and approving officials to ensure compliance with applicable policy and procedures, in conjunction with the A/OPC and HCA. Monthly audits (joint reviews) of cardholder accounts will be accomplished using the statistical sampling of purchases provided by the FSC (see App. A). A quarterly joint review will be conducted of all card holder accounts not reviewed in the statistical sampling, using Appendix A. **NOTE:** *Irregularities discovered during the audits, or at any other time, shall result in appropriate corrective action.*

j. **Fiscal Officer.** The Fiscal Officer is responsible for:

(1) Reviewing FSC's random monthly quality review and verifying that the review is accurate.

- (2) Ensuring that rebates are credited to the correct appropriation.
  - (3) Providing training to cardholders on correct costing procedures, reconciliation procedures, and receipt records maintenance.
  - (4) Being the final certifying authority on the legitimacy of any item procured.
  - (5) Collecting amounts from the cardholder for inappropriate procurements if the goods cannot be returned for full credit by using all applicable collection procedures, including salary offset.
  - (6) Monitoring reconciliation of the cardholder payments with IFCAP orders.
  - (7) Reporting noncompliance, according to the procedures found in this handbook, to the appropriate management level for review and corrective action.
- k. **The HCA.** The HCA is responsible for:
- (1) Reviewing procurement integrity.
  - (2) Training card holders and approving officials using the Government Purchase Card interactive CD ROM.
  - (3) Auditing cardholders and approving officials to ensure compliance with applicable policy and procedures, in conjunction with the A/OPC and Billing Office.
  - (4) Appointing contracting officers and purchase card holders in accordance with VA Acquisition Regulation (VAAR) (for authority exceeding \$2,500) or the Government Purchase Card Procedures Guide (for authority of \$2,500 or less) to include preparation of VA Form 0242, obtaining the appropriate signatures, and maintaining the form in an appropriate manner.

#### 4. REFERENCES

- a. Federal Acquisition Regulation (FAR) and VAAR.
- b. The Treasury Financial Manual (FM).
- c. The Federal Information Resources Management Regulation (FIRMR).
- d. International Merchants Purchase and Authorization Cards (IMPAC) Purchase Card Procedures Guide, dated February 1996.
- e. MP-4, Part X, Records Control Schedule, Office of Finance and Information Resource Management.



**AUDIT GUIDE****1. SAMPLING**

a. On a monthly basis, Financial Service Center's (FSC's) Oversight and Organizational Development Office, formerly the Federal Managers Financial Integrity Act (FMFIA) staff, will systematically sample purchases from the FSC's Credit Card System (CCS). The sample size of purchases will provide sampling attributes of 95 percent confidence level at a plus or minus 2 percent reliability. The universe of transactions has been stratified into three groups. The first group is composed of transaction dollar amounts of \$0 to \$499; the second group consists of transaction amounts of \$500 to \$749; and the third group consists of dollar amounts of \$750 and above. The sampling procedures are to be implemented after closing of the end-of-month CCS processing cycle and will contain detailed credit card information as follows:

Docid #	Card #	Fund	Satellite	Purchase Date	Vendor Name	Amount	Results
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b. FSC's Quality Review staff will fax the credit card sampled information to the respective fiscal office field stations.

**2. FIELD STATION PROCEDURES**

a. Billing Office fiscal personnel will confirm that there is:

**(1) Proper Costing**

- (a) The purchases were charged to the proper control point.
- (b) Expenditure transfers are being done when appropriate.
- (c) The fund control point, cost center, and budget object class are applicable to the item purchased.

**(2) Proper Oversight**

(a) The purchases were appropriate and were used for Department of Veterans Affairs (VA) business purposes only.

- (b) There is appropriate follow-up on disputes, overcharges, and credits.
- (c) There is no pattern of disputes with a vendor.

**(3) Timeliness Standards**

- (a) IFCAP orders were input within 1 day.
- (b) Reconciliation (matching) by cardholder was done in 17 days.
- (c) Certification by the Approving Official was done within 14 days.
- (d) The payment was disputed or reconciled within 30 days.

(4) **Documentation.** Adequate supporting documentation is maintained for each sampled purchase (packing slip receipt, cash register slip, etc.).

**(5) Adherence to Dollar Limitations**

- (a) The sampled purchase is within cardholder dollar limits.
- (b) The purchase does not appear to have been fragmented.

**(6) Card Security**

- (a) The card is secured.
- (b) Only the cardholder has possession of the card.
- (c) Only the cardholder has access to the card.

b. The Purchase Card Program Coordinator and the Head of Contracting Activity (HCA) will determine if the cardholder is:

- (1) Using the mandatory Javits-Wagner-O'Day Act (JWOD) sources as required and contract sources where possible.
- (2) Alternating among small business vendors with the same products to allow equal participation.
- (3) Including a Materiel Safety Data Sheet (MSDS) if any hazardous materials were ordered.
- (4) Using vendors in the required socioeconomic groups for purchases over \$2,500, (i.e., women-owned, veteran-owned, minority-owned, and small businesses).
- (5) Purchasing Environmental Protection Agency-designated products containing recovered materials.

**3. ERRORS**

The Fiscal Officer, or designee, is responsible for seeing that any purchasing or payment errors are corrected and for faxing the sampling results to the FSC's Oversight Office at (512) 460-5285. A site review file consisting of the monthly sample listing, along with any pertinent comments made during the review process, will be maintained by Fiscal Service personnel. Periodic reviews of the facility credit card files will be conducted by members of the FSC's Oversight Office.

## DEPARTMENT OF HEALTH AND HUMAN SERVICES EXCLUSIONS LIST

**1. Distribution of the Exclusions Lists**

a. Section 4331(c) of the Balanced Budget Act of 1997, Public Law 105-33, amended sections 1128 (a) and (b) of the Social Security Act to significantly expand the authority of the Department of Health and Human Services' (DHHS) Office of Inspector General (OIG) to exclude certain individuals and entities from all Federal health care programs. These programs have a national effect and apply to all Federal procurement and non-procurement health care programs and activities. Accordingly, all Federal health care programs are now required to ensure that no excluded individual or entity is receiving payments from any Federal health care program for items or services furnished on or after the effective date of the OIG exclusion.

b. The DHHS OIG database of excluded entities contains more than 15,000 line items, more than 1,200 businesses, and 14,000 individuals. On a monthly basis, the DHHS OIG issues updates for the master list. One issue updates lists of additional companies and individuals newly excluded from receiving Federal health care funds and an effective date for the exclusion. Another lists those companies and individuals whose eligibility to receive payments have been restored.

c. In order to support cardholders in observing this law, the Department of Veterans Affairs' (VA) Financial Operations Service (047G) will mirror the DHHS OIG listings, including all updates, and post it on the VALOCITI web site, [www.fsc.va.gov](http://www.fsc.va.gov), in a downloadable format. They will also post the latest changes. At the same time, the updated listing with the latest changes will be included with Veterans Health Administration (VHA) fiscal reports which are issued monthly on compact discs (CD)s. These Excel spreadsheets will include a master list and a business list. **NOTE:** *Facility A/OPCs may modify listings for local use.*

**2. Field Station Procedures**

a. The facility A/OPC, or Billing Office fiscal personnel, will copy the Excel spreadsheets from the CD and make them available to everyone who may need the information, including end-users, cardholders, logistics and/or acquisitions personnel, Health Administration Service (HAS), and Human Resource Management (HRM). Distribution may include posting it on the local server for access through the LAN and/or creating and/or printing facility specific lists for the use of cardholders. Since few cardholders purchase services from individuals, printed distribution can be limited to businesses, when determined appropriate. While the national listing of all (1,300+) excluded businesses is about 28 pages long, few of these businesses will be local to each facility or provide products bought by typical end-users and/or cardholders. As a quick reference, the printed extracts distributed to cardholders should list all excluded businesses in the normal servicing area. The national, i.e., master list, should be used to verify that businesses outside the normal area as well as service providers are not on the excluded list.

b. As a follow-up to the initial review of the vendor file for excluded entities, field stations will use the updated monthly listing, in the month following the close of each quarter to determine what payments have been made to businesses and/or individuals on the excluded listing. Stations will list the entities paid improperly, the amounts paid to each, the responsible person and the action taken. The summary or a negative reply will be sent through the Network Virtual Logistics Representative (VLR) to VHA Logistics (176).